



Our Mission is Your Success

Founded in 1921, the Michigan Restaurant Association represents more than 4,500 Michigan foodservice establishments. The foodservice industry plays an integral role in Michigan's economy, employing more than 382,000 people and creating \$10 billion in annual sales.

Since 1921, the MRA has served to enhance and nurture the growth and development of Michigan's hospitality industry. For 90 years, restaurateurs have looked to the MRA for solid information and advice, money saving programs, and networking opportunities with their peers in the industry.

What is our mission? Our mission is the success of our members.

Our values? The core values of the MRA are:

- free enterprise
- professionalism
- quality
- service
- knowledge
- integrity
- diversity

The MRA strives to work with the Michigan Legislature and the Administration to create a strong, competitive environment for restaurants.

I'd like to begin with the very foundations of restaurants, by defining what constitutes a restaurant as well as the different ownership types in the hospitality industry.

Next will be a discussion on the importance of restaurants to our local, state and national economies, and to Michigan travel and tourism.

Types of foodservice establishments

Most people, upon hearing the phrase "foodservice establishment" immediately think of a restaurant. However, "foodservice establishment" can mean many things. The MRA has a wide variety of members, including, in addition to bars and restaurants, bowling alleys, movie theaters, banquet facilities, hospital cafeterias, hotels, golf courses, street corner hot dog stands, and many more. Chances are, if you serve food or are around food, then you would qualify under Michigan law as a foodservice establishment.

Structure

Restaurant enterprises can be structured in a number of ways. Here are the most common:

Independent

Independent restaurants are those restaurants that are owned by one or more investors in a restaurant that is run by the owner(s). The restaurant is completely independently owned and operated. Many of these restaurants are family

owned. The owners of the restaurant are directly responsible for all policies and procedures at the establishment. Independents can have multiple units, but still not be considered chains.

Chain

The term “chain” is a general term with definitions that vary depending upon whom is asked to define it. The Food Service Operators Guide defines a chain as a business entity with “three or more restaurants” while the National Restaurant Association defines a chain as a business with “eight or more restaurants in five or more states.” While neither definition is the only “correct” one, the term is used to describe a restaurant company with numerous locations. However, one should not assume that a chain is owned and operated by a large corporation. Many chains are independently owned and operated. Examples in Michigan would be Russ’s, located in western Michigan, or Brann’s Steakhouse and Grille restaurants, located mainly in western Michigan but also in southeast Michigan.

Franchisee

Corporate-owned restaurants may choose to sell franchise rights to different franchisees, so that a particular restaurant chain may be owned by the corporation or by an independent franchisee. An example of this is McDonald’s Corporation. While the McDonald’s Corporation owns many McDonald’s restaurants, many are also owned by independent franchisees.

Of course, franchisees own a part of a chain restaurant, otherwise they would simply be independent owners. When a franchisee owns a chain restaurant, they are paying that corporation for the right to use a brand, and therefore have to abide by any restrictions or requirements set forth by the parent company.

Sales

The food and beverage service industry is a huge industry, one of vital importance to Michigan and our economy. The restaurant industry is one of the largest, fastest-growing industries in the world. In 2010, sales at restaurants nationwide were projected to top \$580 billion. For 2011, sales are expected to top \$604.2 billion nationally, with over \$10 billion in sales here in Michigan.

On average, the restaurant industry accounts for 49 percent of the food dollar spent, which is up from about 25 percent in 1955.

On a typical day in 2010, restaurant-industry sales nationally were about \$1.7 billion. This figure is projected to be up 3.5 percent nationally in 2011, and equal 4 to percent of the U.S. gross domestic product.

Restaurants in Michigan are an engine of economic growth, generating tremendous sales and tax revenues for the state. They provide career, and employment, opportunities for individuals of every age, background, skill and experience level. For every \$1 spent in restaurants in Michigan, an additional \$0.82 in sales is generated for other businesses in the state.

Locations

Michigan’s restaurants provide convenience, value, entertainment, and social opportunities where people can be with friends and family away from the stresses of daily life. There are a great number and variety of restaurants where Michigan citizens can enjoy a meal away from home. There are about 18,000 eating-and-drinking locations in Michigan. Nationally, there are approximately 960,000 locations.

Of course, anywhere travel and tourism are taking place in Michigan, you will find restaurants. You will find restaurants at the end of your destination, when you arrive at the place you are staying. But just as importantly, you will find restaurants along the way. We believe that tourism is not just about the destination, but also the journey to get there. So not only will you enjoy the restaurants in and around Boyne Mountain Resort when you arrive for your visit, you will likely make a stop or two along your way.

Employees

The restaurant industry employs an estimated 12.8 million people nationally, or nearly 10 percent of the U.S. workforce. Restaurant industry employment is expected to reach 14.1 by 2021 – an increase of 2 million over 2008. More than four out of 10 adults have worked in the restaurant industry at some time during their lives.

In Michigan, the industry employs about 382,300 and is projected, by 2021, to employ 405,400, meaning that in a 10-year period the restaurant industry will have added 23,100 jobs to Michigan's economy, accounting for a 6.0 percent increase in job growth.

Each additional \$1 million spent in eating-and-drinking places in Michigan generates an additional 37.4 jobs in the state. Conversely, each \$1 million drop in eating-and-drinking place sales in Michigan means a loss of 37.4 jobs in the state.

Restaurant Careers

One of the biggest misconceptions about the restaurant industry is that the jobs available are dead-end, "burger flipping" jobs. The truth about restaurant employment is quite different.

Consider some of these facts:

- Nine out of ten salaried employees at tableservice restaurants started as hourly employees;
- The number of foodservice managers is projected to increase 15% from 2004 to 2014
- Roughly three out of five foodservice-and-lodging managers have annual household incomes of \$50,000 or more;
- Eating-and-drinking places employ more minority managers than any other industry;
- The number of African-American-owned and women-owned eating-and-drinking-place firms increased at double-digit rates during the past decade, with sales also rising dramatically.
- Eating-and-drinking places are mostly small businesses – with seven out of 10 having fewer than 20 employees

Government Regulation

The restaurant industry is one of the most highly regulated in the state of Michigan. In addition to dealing with food safety issues and liquor liability, restaurant owners have to worry about everything from making sure their employees are appropriately reporting their tips to ensuring that their facilities are compliant with the Americans with Disabilities Act (ADA). Restaurateurs have to make sure they are fully compliant with the law, from the food producer all the way to the consumer and find a way to do so while still providing affordable food and beverage to their customers at a competitive price.

The MRA represents the foodservice industry on critical issues such as food safety, sanitation, labor laws, workplace regulations, tax policy, travel and tourism, and alcoholic beverage service. Some examples of regulatory agencies that restaurants work with on a daily basis include: the Michigan Department of Agriculture, local health departments, the Michigan Liquor Control Commission, MIOSHA, the Wage and Hour Division, the Unemployment Insurance Agency, the Bureau of Workers Compensation.

The Importance of Restaurants

In addition to providing tremendous employment and economic activity in Michigan, restaurants provide many more benefits to the state's and nation's overall economic strength. Restaurants are crucial tools in revitalizing economic development in a community. If you look at any revitalizing area in Michigan, you will see that one common denominator they have is restaurants. This is why urban centers and rural areas – particularly where tourism is crucial to that community or area – are clamoring for more restaurants to come to their communities and help them

develop their perception as a destination. Restaurants, and the ability to develop restaurants, are a critical ingredient to tourism in Michigan.

Culinary Tourism

For too long, it has been a perception that, if you want to have the best dining experiences, one must travel to New York or California. When those who helped create this perception feel like being charitable to those of us in fly-over country, they throw Chicago in the mix.

This is profoundly unfair and very much untrue. This is why the Michigan Restaurant Association has joined with the Michigan Department of Agriculture and Travel Michigan to form the Michigan Culinary Tourism Alliance. Michigan has an outstanding variety of food and dining experiences, and this alliance is all about growing this industry and ultimately growing Michigan. It's about time we start taking advantage of rising interest in this segment of tourism. People are not just choosing destinations based on the destination, but the food and beverage offerings they will experience as part of their travel. Culinary tourism is a growing trend of the travel market as people are increasingly planning their travel around authentic, educational and entertaining food and beverage opportunities. The popularity of this growing segment is also reflected by the increase of cable television channels and shows that focus on the link between travel and food.

Michigan has a great variety of high quality, authentic and unique food and beverage offerings, and we are at the table to make sure that more and more people – those already in Michigan, and those who will be drawn the state through the successful “Pure Michigan” campaign – are aware of all the great food and beverage experiences we have to offer.

Travel and tourism are a critical part of our state's economy and heritage. Restaurants are an essential component to any memorable travel and tourism experience in Michigan. We are pleased to be an important part of Michigan's travel and tourism industry, and we look forward to making Michigan an even greater place in which to travel, to work, and to live.

If we can ever be of assistance to you, please do not hesitate to contact me.

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